

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 IO-13 ISO-00 FEA-01 AGRE-00 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-01 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02

AID-05 SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 /110 W

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 9582

INFO AMEMBASSY BANGKOK

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY RANGOON

AMEMBASSY SINGAPORE

AMEMBASSY WELLINGTON

USMISSION GENEVA

C O N F I D E N T I A L TOKYO 11074

USEC, USMTN, USOECD

E O. 11652: GDS

TAGS: JA, ASEAN, EGEN, EAID, ETRD, PFOR

SUBJECT: JAPAN-ASEAN DIALOGUE

1. SUMMARY: AS ASEAN CABINET LEVEL DELEGATION DEPARTS TOKYO AND PRIME MINISTER FUKUDA'S SOUTHEAST ASIA TOUR APPROACHES, JAPANESE GOVERNMENT APPEARS READY TO EXTEND SOME NEW BILATERAL AID TO ASEAN MEMBER COUNTRIES AND TO MAKE CAREFULLY CONDITIONED COMMITMENT TO ASEAN INDUSTRIAL
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PROJECTS. FUND FOR CULTURAL AND TECHNICAL USES MAY ALSO BE ENDOWED BY JAPAN FOR ASEAN COUNTRIES. PROPOSED JAPANESE CONCESSIONS WITH RESPECT TO ASEAN EXPORT PRODUCTS REMAIN OBJECT OF STRONG OPPOSITION WITHIN JAPANESE GOVERNMENT. END SUMMARY.

2. REVIEWING JULY 14-20 VISIT TO JAPAN OF ASEAN

CABINET-LEVEL DELEGATION LED BY INDONESIAN MINISTER OF TRADE PRAWIRO, FOREIGN MINISTRY OFFICIAL (MIYAMOTO, ASIAN REGIONAL POLICY DIVISION DEPUTY DIRECTOR) INDICATED THAT WIDE GAP REMAINS BETWEEN ASEAN'S EXPECTATIONS AND THE CONCESSIONS TO ASEAN WHICH THE JAPANESE GOVERNMENT HAS REACHED INTERNAL AGREEMENT TO MAKE. JAPANESE, HE SAID, LISTENED TO ASEAN REQUESTS FOR EASIER ASEAN PRODUCT ACCESS TO JAPANESE MARKET, FOR AN EXPORT STABILIZATION ARRANGEMENT, AND FOR AID INCREASE, BUT MADE NO COMMITMENTS ON ANY OF THESE SUBJECTS, ALTHOUGH CLEARLY UNDERSTANDINGS ON SOME NEW AID PROJECTS HAVE BEEN SUBSTANTIALLY REACHED.

3. JAPANESE HAVE REACHED CONSENSUS, MIYAMOTO SAID, ON RECOMMENDING THAT PRIME MINISTER FUKUDA ANNOUNCE IN KUALA LUMPUR THAT JAPAN WILL CONSIDER FAVORABLY PROVIDING UP TO \$1 BILLION IN FINANCING FOR FIVE ASEAN INDUSTRIAL PROJECTS, PROVIDED THAT FEASIBILITY STUDIES ARE SUCCESSFUL AND THAT ASEAN COUNTRIES' INVESTMENT PLANNING IS "IN ADJUSTMENT", I.E., AVOIDS UNECONOMIC PROJECT DUPLICATION WITHIN ASEAN. JAPANESE GOVERNMENT ALSO IS CONSIDERING OFFERING TO ASEAN AT KUALA LUMPUR A GRANT OF ABOUT \$38 MILLION FOR SUCH PURPOSES AS CULTURAL EXCHANGE, FOR TECHNICAL TRAINING AND FOR DEVELOPMENT OF MEDICAL FACILITIES IN ASEAN

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COUNTRIES. FUKUDA ANNOUNCEMENTS AND RECAPITULATION OF NEW (OR RECENT) BILATERAL CREDITS DURING SUBSEQUENT ROUND OF VISITS TO ASEAN CAPITALS AND RANGOON, MIYAMOTO NOTED, WILL BE COMMENSURATE WITH JAPANESE GOVERNMENT VIEW THAT THE MAIN BODY OF JAPAN'S AID TO ASEAN NATIONS MUST CONTINUE TO BE BILATERAL ASSISTANCE TO INDIVIDUAL MEMBER COUNTRIES. THE DEVISING OF DIRECT AGREEMENTS FOR COOPERATION WITH ASEAN ITSELF, HE ADDED, IS HAMPERED BY INFORMALITY OF ASEAN'S LEGAL STATUS. FOREIGN MINISTRY NEVERTHELESS IS ATTEMPTING DEVISE SEVERAL SUCH AGREEMENTS IN ADDITION TO SINGLE EXISTING JAPAN-ASEAN TECHNICAL COOPERATION ACCORD ON RUBBER PRODUCTION.

4. FOREIGN MINISTRY EFFORTS TO DEVISE TRADE-RELATED CONCESSIONS IN ADDITION TO AID INCREASE HAVE THUS FAR NOT BEEN SUCCESSFUL, ACCORDING TO MIYAMOTO. THE MINISTRY HAS PROPOSED THAT A WHOLE SERIES OF ASEAN PRODUCTS RECEIVE BETTER ACCESS TO JAPANESE MARKET IN ONE WAY OR ANOTHER,-- E.G., BY AN INCREASE IN QUOTAS - BUT EACH PROPOSED LIBERALIZATION HAS BEEN BLOCKED EITHER THE MINISTRY OF AGRICULTURE AND FORESTRY OR BY MITI ON THE GROUNDS THAT THE

MARKET FOR A COMPETING JAPANESE PRODUCT WOULD BE DAMAGED-RAPE SEED OIL, FOR EXAMPLE, OR OKINAWA BANANAS, OR NAGOYA WOOD PRODUCTS.

5. FOREIGN MINISTRY NEVERTHELESS HAS NOT GIVEN UP IDEA OF JAPAN'S MAKING CONCESSIONS ON SOME PRODUCTS. ACCORDING TO MIYAMOTO, MINISTRY IN MEETING WITH PRIME MINISTER WILL CITE SEVERAL PRODUCTS ON WHICH CONCESSIONS MIGHT BE MADE. SHRIMP, FOR WHICH ALL ASEAN MEMBER NATIONS HAVE REQUESTED BETTER ACCESS TO JAPANESE MARKET, WILL BE FIRST ONLIST. MINISTRY ALSO PLANS MAKE STRONG PITCH ON PINEAPPLE.

6. MIYAMOTO COMMENTED THAT FOREIGN MINISTRY'S HOPES
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FOR QUOTA INCREASES AS WELL AS FOR EXPORT STABILIZATION SCHEME (ALSO BLOCKED BY FINANCE MINISTRY AND AGRICULTURE MINISTRY OPPOSITION) DEPENDS ON PRIME MINISTER'S DECIDING TO OVERRIDE OPPOSITION WITHIN JAPANESE GOVERNMENT AND MAKE CONCESSIONS ON POLITICAL BASIS. HE ADDED, HOWEVER, THAT HE EXPECTS PRIME MINISTER WILL "AT BEST" SAY NONCOMMITTALLY IN KUALA LUMPUR THAT JAPAN "WOULD LIKE TO CONSIDER" MORE GENEROUS MARKET ACCESS FOR SELECTED JAPANESE PRODUCTS.
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